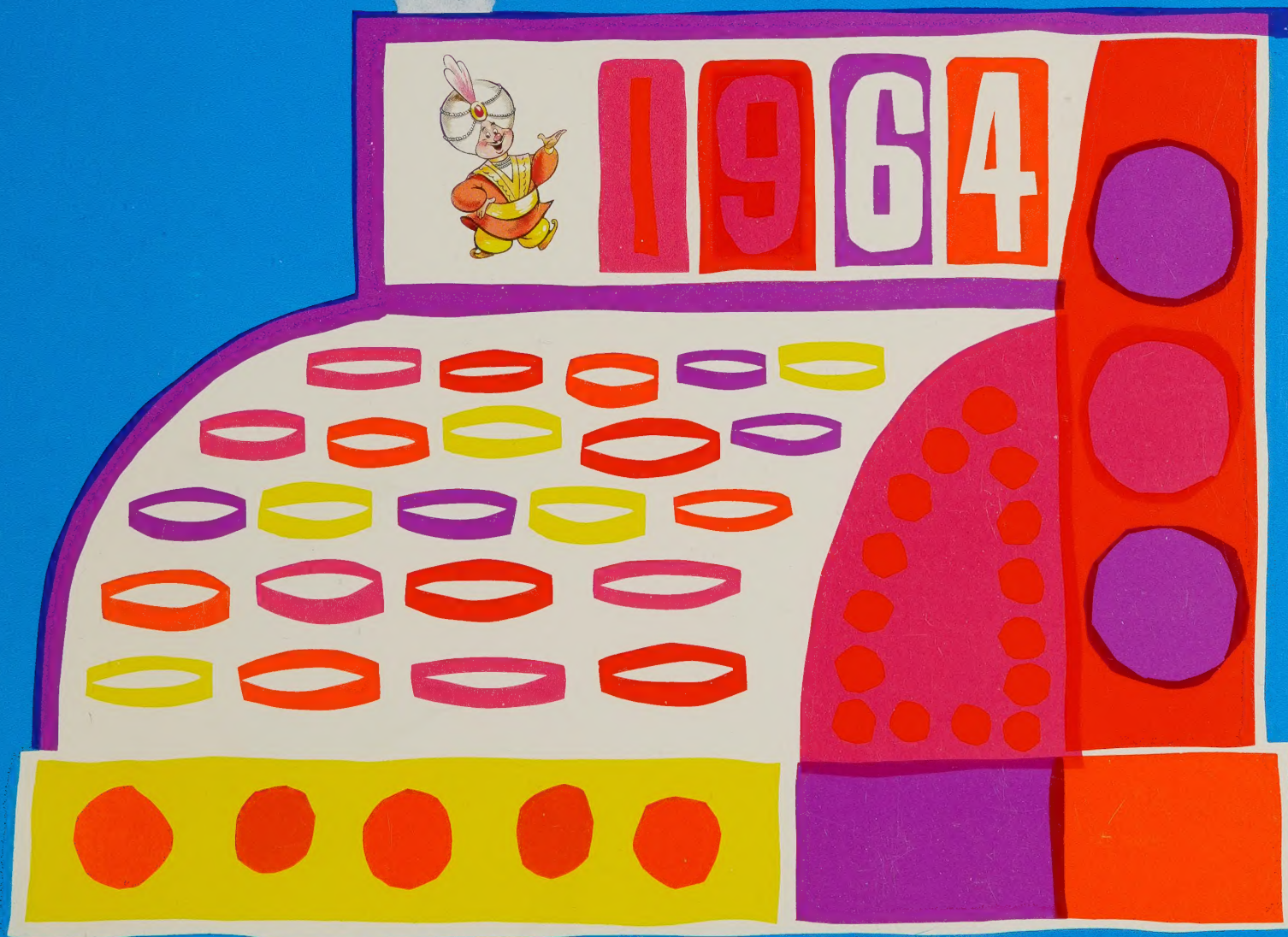


KELLY,  
DOUGLAS  
& COMPANY  
LIMITED.

ANNUAL  
REPORT



1964









WILLIAMS & COMPANY, LIMITED • 1964 ANNUAL REPORT

## NOTES

1. The following information is presented for the year ended December 31, 1964:

(a) The following information is presented for the year ended December 31, 1964:

(b) The following information is presented for the year ended December 31, 1964:

(c) The following information is presented for the year ended December 31, 1964:

(d) The following information is presented for the year ended December 31, 1964:

(e) The following information is presented for the year ended December 31, 1964:

(f) The following information is presented for the year ended December 31, 1964:

(g) The following information is presented for the year ended December 31, 1964:

(h) The following information is presented for the year ended December 31, 1964:

(i) The following information is presented for the year ended December 31, 1964:

(j) The following information is presented for the year ended December 31, 1964:

(k) The following information is presented for the year ended December 31, 1964:

(l) The following information is presented for the year ended December 31, 1964:

(m) The following information is presented for the year ended December 31, 1964:

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(r) The following information is presented for the year ended December 31, 1964:

(s) The following information is presented for the year ended December 31, 1964:

(t) The following information is presented for the year ended December 31, 1964:

(u) The following information is presented for the year ended December 31, 1964:

(v) The following information is presented for the year ended December 31, 1964:

(w) The following information is presented for the year ended December 31, 1964:





# KELLY, DOUGLAS & COMPANY, LIMITED • 1964 ANNUAL REPORT

## OFFICERS:

F. B. BROWN,  
*Chairman*

V. F. MacLEAN,  
*President*

J. BAIRD  
*Senior Vice-President, Wholesale-Retail Divisions*

A. H. PINKHAM, C.A.,  
*Vice-President & Secretary-Treasurer*

M. S. DUFFUS,  
*Vice-President Development and Public Relations*

C. M. HUMPHRYS, C.A.,  
*Comptroller & Assistant Secretary-Treasurer*

## DIRECTORS:

F. B. BROWN\*

F. MILDRED DOUGLAS

J. H. KINNE

R. S. LAIRD\*

V. F. MacLEAN\*

A. H. PINKHAM, C.A.

J. J. WEST


\*Members of Policy and Administrative Committee

*Transfer Agents:*

NATIONAL TRUST COMPANY

*Registered Head Office:*

4700 KINGSWAY, BURNABY, B.C.



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University of Alberta Library

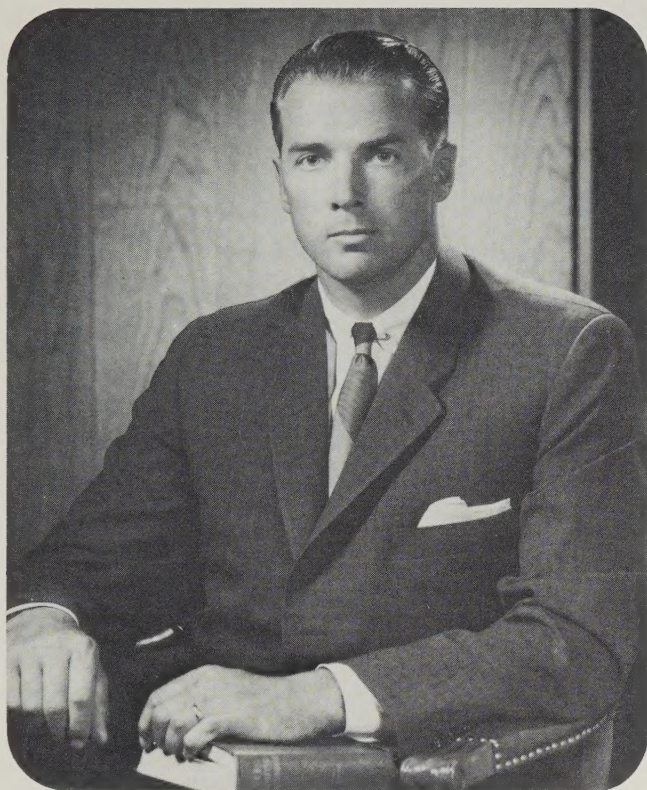
[https://archive.org/details/Kell0464\\_1964](https://archive.org/details/Kell0464_1964)











## REPORT OF THE PRESIDENT

The past year saw a noticeable improvement in conditions, particularly in British Columbia and the Western Provinces. Increased employment, lack of strikes and the expansion of industry brought renewed confidence. A lessening of tension in many parts of the world further strengthened this confidence and brought about a greater level of consumer spending affecting the food industry. These factors are reflected in your Company's position. We completed the year with sales improved by 5.58%. Improvements were general in all divisions of the Company, with the Retail Division making substantial gains through new operations in British Columbia. Net profits for the year ended May 31st, 1964 were \$1,072,000, after all charges for income taxes and depreciation. This is 18.71% ahead of last year.

Wherever possible your Company has endeavoured to project its operations to meet the needs of our country's rapidly expanding new communities.

### Working Capital

At the year end, Working Capital had improved by \$1,043,260. This increase was obtained from larger operational profits, further depreciation and financing through sale and lease-back of retail stores.

### Dividends

Normal dividends were paid quarterly at the rate of 25¢ per annum on Class "A" shares issued and outstanding. These totalled \$214,761.

### Accounts Receivable

Collections at all British Columbia branches improved considerably, and at present the Wholesale Division accounts are in good standing. The percentage of Accounts Receivable on a current basis is higher than last year and write off for bad debts was slightly less. Lumber and logging accounts serviced by our Northern British Columbia branches continue to show gains. The Manufacturing Division accounts also improved, particularly those serviced by the Prairie Branches.

### Wages

The Employees Association and the Company negotiating committee have finalized a new work contract which will run for three years from December 1, 1963 to November 30, 1966. The new contract provides for both additional fringe benefits and a scale of increases.

In arriving at a suitable formula, both the



employees and the Company are able to plan forward with some degree of stability.

## HIGHLIGHTS OF THE YEAR

### The Manufacturing Division

In the Nabob Manufacturing Division, sales improved 6½%. Departments of Tea, Ground Coffee, Peanut Butter, Sundry Manufacturing and Instant Coffee all show sales increases over the thirteen periods of last year.

### Coffee Department

The year in review has seen green coffee prices rise as much as 16¢ per pound with roasted coffee following suit at the wholesale level. While coffee profits have been satisfactory, radically increased prices have historically meant reduction in consumption. However, Nabob Ground Coffee continues to be Canada's largest selling brand and Nabob Foods continues to be Canada's largest coffee processor.

### Tea Department

Total world production is slightly ahead of consumption and has consequently prevented any undue rise in prices. Demand for fine quality teas has kept their prices at a high level, with a very large spread between them and plainer teas.

### Confection Department

The Company's Confection Department reduced sales and the number of lines manufactured to streamline both equipment and packaging for the retail distribution of candy. Jam sales remained about the same as last year although stiff competition occurred throughout Western Can-

ada where the Company's products are distributed. Primarily, competition came from the chain brands as well as from a number of cheaper lines marketed solely on price.

Our Manufacturing Division has a recognized position in the food industry with its Nabob and Squirrel brand products, established over 50 years throughout Western Canada. These products are known not only by brand name but for consistent quality. In this regard it is one of the division's main responsibilities to encourage the development of new quality products and maintain the high standards which built Nabob and Squirrel to their position of widespread public acceptance.

New research facilities have been incorporated into this year's budget to maintain this growth. It is our intention to develop new lines which have proven themselves in the Company's research laboratories. New departments are on the drawing boards as well, and it is our forward plan to broaden all areas of our manufacturing business to meet the Canadian consumer need for new and better foods.

### The Retail Division

The Company's Retail Division headed by the Super-Valu chain showed a sales increase this year of 15.33% over the same period last year. Those stores situated in outlying communities and cities away from the main metropolitan areas showed the greatest sales improvement. This is particularly true of Northern B.C. The total Super-Valu chain consists of both independent and company-owned stores. In both sections, share of market improved as did sales and profits. This was achieved





employees and the Company are able to plan forward and meet the community.

## THE COMPANY'S ACHIEVEMENTS

The Company's achievements are many and varied. In the past few years, the Company has been able to expand its operations into new markets and to increase its production capacity. This has been achieved through a combination of factors, including the use of modern machinery and the employment of skilled workers. The Company's success can be attributed to its commitment to quality and its ability to adapt to changing market conditions.

### Quality Control

The Company's commitment to quality is a key factor in its success. It has implemented a rigorous quality control system that ensures all products meet the highest standards. This system involves regular inspections and testing of raw materials and finished goods. The Company's dedication to quality has earned it a reputation for reliability and has helped it to build a loyal customer base.

### Research and Development

The Company's investment in research and development is another key factor in its success. It has established a dedicated R&D department that focuses on developing new products and improving existing ones. This department works closely with the marketing and production departments to ensure that new products are developed in line with market needs. The Company's commitment to innovation has allowed it to stay ahead of the competition and to introduce new products that meet the demands of its customers.

### Marketing and Sales

The Company's marketing and sales efforts are another key factor in its success. It has implemented a comprehensive marketing strategy that includes advertising, public relations, and direct sales. The Company's sales team is highly motivated and experienced, and it has been able to establish strong relationships with its customers. The Company's marketing and sales efforts have helped it to increase its market share and to achieve significant growth in sales.

### Financial Performance

The Company's financial performance is a testament to its success. It has achieved a steady increase in revenue and profit over the past few years. This has been achieved through a combination of factors, including the use of modern machinery and the employment of skilled workers. The Company's commitment to quality and its ability to adapt to changing market conditions have been key factors in its financial success.

where the Company's products are distributed. Primarily, competition came from the chain brands as well as from a number of cheaper lines marketed solely on price.

Our Manufacturing Division has a recognized position in the food industry with its Nabob and Squirrel brand products, established over 50 years throughout Western Canada. These products are known not only by brand name but for consistent quality. In this regard it is one of the

standards which both Nabob and Squirrel products are known to their customers of widespread public acceptance. The quality and facilities have been incorporated into the budget to maintain

the quality of the products. The Company's commitment to quality is a key factor in its success. It has implemented a rigorous quality control system that ensures all products meet the highest standards. This system involves regular inspections and testing of raw materials and finished goods. The Company's dedication to quality has earned it a reputation for reliability and has helped it to build a loyal customer base.

### Customer Service

The Company's commitment to customer service is another key factor in its success. It has implemented a comprehensive customer service program that includes training for its sales staff and the use of modern machinery. The Company's sales staff is highly motivated and experienced, and it has been able to establish strong relationships with its customers. The Company's commitment to customer service has helped it to increase its market share and to achieve significant growth in sales.

### Future Outlook

The Company's future outlook is bright. It has a strong position in the food industry and is well-positioned to continue its growth. The Company's commitment to quality and its ability to adapt to changing market conditions have been key factors in its success. The Company's dedication to customer service and its investment in research and development will continue to drive its growth in the future.



partly through the change in the image of our stores, new outlets, more attractive facilities, remodellings, and modernized methods of merchandising. We feel that the addition of many new feature departments and new products with a wider field of attraction for today's consumer has contributed much towards sales gains. During the year three new stores were opened and the unique new store opened in Vancouver on Davie Street has special attraction for shoppers in search of convenience foods. This store was specifically designed to assist apartment dwellers and results so far have been gratifying.

Supermarkets today are only new and fully up-to-date the day they open. After that they remain a target for competition. The rigours of retail competition have the continuing effect of keeping prices, quality and attractive facilities foremost in our minds.

Super-Valu has been encouraged by the expansion taking place throughout British Columbia. A renewed feeling of optimism prevails, and there is a considerable population growth in many areas. As a result we have plans to open several new outlets in strategic locations and are investigating the advantages of further specialized stores such as the new Davie Street store in Vancouver.

### The Wholesale Division

In the Company's Wholesale Division, sales improved 4%, while profits increased 2.3%. Burnaby, the Company's main branch operation, with four Cash and Carry Depots, a Service Jobbing Department (which handles the non-food lines for all corporate stores and independents

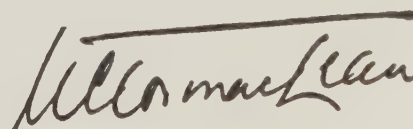
under the Super-Valu chain), Grocery, Produce, Meat Departments and Frozen Food Department, showed substantial improvement over the previous year. All other B.C. branch operations, with the exception of Victoria, featured gains in sales and profits. The Victoria area lagged as a result of the Company's reluctance to enter that market with new retail outlets. Our Wholesale Division continues to improve in areas where retail expansion is taking place in both independent and corporate outlets. In other areas, where this type of expansion is not required, assistance to small account business is being upheld by Cash and Carry Depots.

The outlook for Wholesale is promising, as our operations are geared to the major expansions taking place in British Columbia, in mining, pulp and paper, and the accelerated development of natural resources and industries.

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Your management acknowledges a debt of gratitude to a loyal, hard working and conscientious staff for their efforts in achieving continued success and new growth for our Company. It is also a pleasure to thank the Directors of your Company for their substantial contribution in time, interest and effort on your behalf.

VICTOR F. MacLEAN,

A handwritten signature in dark ink, reading "Victor F. MacLean". The signature is written in a cursive, flowing style with a horizontal line above the name.

*President.*

# KELLY, DOUGLAS & COMPANY, LIMITED

## CONSOLIDATED BALANCE

### ASSETS

		Comparable figures as at June 1 1963
CURRENT ASSETS:		
Cash on hand and in transit	\$ 479,088	\$ 552,982
Accounts receivable, less allowance of \$201,416 (\$170,992 in 1963) for doubtful accounts	3,707,803	4,343,535
Inventories at the lower of cost or market (Note 1)	13,340,492	11,934,652
Prepaid expenses	425,589	483,757
	<u>17,952,972</u>	<u>17,314,926</u>
PROPERTIES HELD FOR SALE UNDER LEASE-BACK ARRANGEMENT, at cost		
	<u>1,086,840</u>	<u>1,683,400</u>
	<u>19,039,812</u>	<u>18,998,326</u>
FIXED ASSETS:		
Land, at cost	<u>636,352</u>	<u>883,903</u>
Buildings, machinery and equipment, at cost	15,072,377	14,681,373
Less -		
Accumulated depreciation	<u>7,922,630</u>	<u>6,956,490</u>
	<u>7,149,747</u>	<u>7,724,883</u>
	<u>7,786,099</u>	<u>8,608,786</u>
OTHER ASSETS:		
Deferred accounts receivable, sundry investments, etc. [Note 3(c) ]	308,905	286,674
Unamortized debenture discount	100,480	107,981
Excess of cost of shares in subsidiaries over their underlying net book value at dates of acquisition (net)	228,221	228,221
	<u>637,606</u>	<u>622,876</u>
	<u>\$27,463,517</u>	<u>\$28,229,988</u>

### SIGNED ON BEHALF OF THE BOARD:

VICTOR F. MacLEAN, *Director*

A. H. PINKHAM, *Director*



# AND SUBSIDIARY COMPANIES

SHEET AS AT MAY 30 1964

## LIABILITIES

		Comparable figures as at June 1 1963
<b>CURRENT LIABILITIES:</b>		
Bank loan – secured [Note 1(b) ]	\$ 1,420,000	\$ 2,325,000
Short term notes payable	2,500,000	2,500,000
Accounts payable and accrued liabilities	5,211,783	4,835,748
Bills payable [Note 1(b) ]	267,886	1,329,024
Due within one year on long term debt (Note 2)	605,000	247,000
Income taxes payable	672,434	442,105
	<u>10,677,103</u>	<u>11,678,877</u>
LONG TERM DEBT (Note 2)	<u>2,419,086</u>	<u>3,043,086</u>
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE PERIODS	<u>652,000</u>	<u>652,000</u>
<b>SHAREHOLDERS' INTEREST:</b>		
Share capital (Note 3) –		
Authorized:		
20,000 4½% cumulative redeemable preference shares – par value \$100 each		
2,000,000 cumulative participating Class “A” shares of no par value		
3,000,000 Class “B” shares of no par value		
Issued:		
859,160 Class “A” shares (858,910 in 1963)	1,738,391	1,737,203
1,618,125 Class “B” shares	1,677,187	1,677,187
Capital surplus created on redemption of preference shares	774,000	774,000
Income retained in the business – per statement attached	9,525,750	8,667,635
	<u>13,715,328</u>	<u>12,856,025</u>
	<u>\$27,463,517</u>	<u>\$28,229,988</u>
<b>CONTINGENT LIABILITIES:</b>		
Endorsements and guarantees	<u>\$ 1,015,301</u>	<u>\$ 638,281</u>
LONG TERM LEASES (Note 4)		

**KELLY, DOUGLAS & COMPANY, LIMITED**  
AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF INCOME AND CHANGES IN INCOME  
RETAINED IN THE BUSINESS  
FOR THE 52 WEEKS ENDED MAY 30 1964**

		Comparable figures for the 52 weeks ended June 1 1963
Income from operations before taking into account the undernoted items	<u>\$3,717,558</u>	<u>\$3,143,623</u>
Deduct -		
Allowance for depreciation	1,013,383	963,004
Debenture interest	145,486	150,486
Bank and other interest	293,790	288,095
Amortization of debenture discount	7,501	7,590
Retirement payments	44,126	44,576
Directors' fees	12,600	12,600
Loss (profit) on disposal of fixed assets	42,796	(56,489)
	<u>1,559,682</u>	<u>1,409,862</u>
Income before providing for income taxes	2,157,876	1,733,761
Deduct -		
Estimated income taxes, including in 1963 a tax reduction of \$155,000 applicable to future periods	<u>1,085,000</u>	<u>830,000</u>
Income for the period	<u>1,072,876</u>	<u>903,761</u>
Add -		
Income retained in the business at the beginning of the period	8,667,635	7,978,600
	9,740,511	8,882,361
Deduct -		
Dividends on Class "A" shares [Note 3(a) ]	<u>214,761</u>	<u>214,726</u>
Income retained in the business at the end of the period	<u><u>\$9,525,750</u></u>	<u><u>\$8,667,635</u></u>





KELLY, DOUGLAS & COMPANY, LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND CHANGES IN INCOME  
RETAINED IN THE BUSINESS  
FOR THE 52 WEEKS ENDED MAY 30 1964

		Comparable Periods For The 52 weeks ended June 1 1963
Income from operations before taking into account the undernoted items	\$3,717,558	\$3,143,623
Added -		
Allowance for depreciation	1,013,383	963,004
Deferred interest	145,486	150,486
Bank and other income	293,790	288,095
Amortization of deferred discount	7,501	7,590
Pension payments	44,126	44,576
Directors' fees	12,600	12,600
Loss on sale on disposal of fixed assets	42,796	56,489
	1,559,682	1,409,862
	2,277,876	1,733,761
	1,085,000	830,000
	1,472,876	903,761
		7,978,600
		8,882,361
		214,726



**KELLY, DOUGLAS & COMPANY, LIMITED**  
AND SUBSIDIARY COMPANIES

**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**AS AT MAY 30 1964**

1. (a) In conformity with the practice of prior years, goods in transit from suppliers and the related liabilities have not been reflected in the consolidated balance sheet, except where the liability took the form of accepted bills.

(b) The companies' obligations to the bank, including the letters of credit under which certain of the bills payable are drawn, are secured by fixed and floating charges on certain of the companies' assets.

2. Long term debt consists of:

		Comparable figures as at June 1 1963
6% Sinking Fund Debentures, Series A, maturing November 1 1977 - annual sinking fund instalment \$100,000	\$2,400,000	\$2,500,000
4½% instalment notes payable to bank on December 31 1964 [Note 1(b) ]	500,000	625,000
Other	143,086	167,086
	<u>3,043,086</u>	<u>3,292,086</u>
Less -		
Debentures purchased for sinking fund purposes and deposited with trustee	19,000	2,000
Instalments due within one year	605,000	247,000
	<u>624,000</u>	<u>249,000</u>
	<u>\$2,419,086</u>	<u>\$3,043,086</u>

3. (a) The company's Class "A" shares entitle the holders thereof to fixed, cumulative, preferential cash dividends of 25¢ per share per annum payable quarterly. Any further dividends on the company's common shares shall be paid firstly to the Class "B" shareholders to the extent of 25¢ per share per annum plus the amount (if any) by which 25¢ exceeds their dividends in the preceding year, and thereafter in equal amounts per share to the Class "A" and Class "B" shareholders.

(b) Warrants issued in connection with the 6% Sinking Fund Debentures entitle the holders thereof to purchase Class "A" shares at \$4.75 per share if purchased by November 1 1965 after which the warrants will be void. As at May 30 1964 warrants entitling the holders to purchase 205,215 Class "A" shares remained outstanding, 250 Class "A" shares having been purchased by warrant holders during the fiscal year then ended.

(c) Included with deferred accounts receivable, sundry investments, etc., are 41,133 Class "B" shares in the parent company held by a subsidiary at a cost of \$41,133.

4. In addition to the buildings owned and occupied by the companies, three manufacturing plants, nine distribution centres and thirty-six retail stores are occupied by

them under lease agreements, the majority on a long term basis. Also, the parent company has entered into long term leases on forty-four stores which are sub-leased to independent operators.

As at May 31, 1964 the rentals under the above lease agreements are payable as follows:

For the five years ending May 31 1969	\$ 6,158,509
For the five years ending May 31 1974	5,436,986
For the five years ending May 31 1979	4,300,297
For the five years ending May 31 1984	2,332,641
For the five years ending May 31 1989	1,328,109
Subsequent to May 31 1989	132,172
	<u>\$19,688,714</u>

## AUDITORS' REPORT

TO THE MEMBERS,  
KELLY, DOUGLAS & COMPANY, LIMITED:

We have examined the consolidated balance sheet of Kelly, Douglas & Company, Limited and subsidiary companies as at May 30 1964 and the consolidated statement of income and changes in income retained in the business for the fifty-two weeks ended on that date, and have obtained all the information and explanations we have required. Except for three subsidiary companies whose accounts were examined and reported on by other chartered accountants, our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies which we examined and the audited statements of the three subsidiary companies whose accounts we did not examine, the accompanying consolidated balance sheet and the related consolidated statement of income and changes in income retained in the business, with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Kelly, Douglas & Company, Limited and its subsidiary companies as at May 30 1964 and the results of their combined operations for the fifty-two weeks ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

July 10 1964  
Vancouver, B.C.

PRICE WATERHOUSE & CO.,  
*Chartered Accountants.*





**The spectacular Tri-Vision display, adjacent to the Kelly, Douglas offices on Kingsway is the only one of its kind in Canada. Three different Nabob products are featured in the rotating panels. The display operates day and night.**

The spectacular Tri-Vision display, adjacent to the Kelly, Douglas offices on Kingsway is the only one of its kind in Canada. Three different Kodak products are featured in the rotating panels. The display operates day and night.





Subaru









An interior shot of the unique Super-Valu store on Davie Street in the heart of Vancouver's high-rising West End. Catering especially to apartment dwellers, the store offers many gourmet delicacies and convenience foods as well as regular lines.



# West

An interior shot of the unique Super-Valu store on Davie Street in the heart of Vancouver's high-rising West End. Catering especially to apartment dwellers, the store offers many gourmet delicacies and convenience foods as well as regular lines.









